

House File 2150 - Introduced

HOUSE FILE 2150

BY RUFF

A BILL FOR

1 An Act relating to economic development by creating rural
2 opportunity zones, a student loan repayment program and
3 fund, an individual income tax credit, and including
4 applicability provisions.
5 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. NEW SECTION. 15E.185 Rural opportunity zones.

2 1. The authority shall designate a county of this state as
3 a rural opportunity zone if it meets the eligibility criteria
4 in section 15E.186. A county shall remain designated as a
5 rural opportunity zone until it loses its designation from
6 the authority. A county may lose its designation as a rural
7 opportunity zone if events subsequent to its designation cause
8 it to no longer meet the criteria specified in section 15E.186.
9 However, a county shall not lose its designation as a rural
10 opportunity zone during its participation in the student loan
11 repayment program under section 15E.188.

12 2. A county may apply to the authority for designation as a
13 rural opportunity zone. The application shall be made by the
14 county board of supervisors in the form and manner prescribed
15 by the authority. The authority shall consider each county for
16 designation as a rural opportunity zone, even if the county
17 does not submit an application.

18 3. The authority shall review the eligibility of each county
19 in this state as a rural opportunity zone at least annually.

20 Sec. 2. NEW SECTION. 15E.186 Rural opportunity zone
21 eligibility criteria.

22 A county may be designated by the authority as a rural
23 opportunity zone if it meets at least two of the following
24 criteria:

25 1. The county has an average weekly wage that ranks among
26 the bottom twenty-five counties in the state based on the 2010
27 annual average weekly wage for employees in private business.

28 2. The county has a per capita income of twelve thousand six
29 hundred forty-eight dollars or less based on the 2010 certified
30 federal census.

31 3. The county has a family poverty rate of twelve percent or
32 higher based on the 2010 certified federal census.

33 4. The county has a family poverty rate that ranks among
34 the top twenty-five counties in the state based on the 2010
35 certified federal census.

1 5. The county has experienced a percentage population
2 loss that ranks among the top twenty-five counties in the
3 state between 2005 and 2010. For purposes of this subsection,
4 prison population shall be excluded in the population loss
5 calculations.

6 6. The county has a percentage of persons sixty-five years
7 of age or older that ranks among the top twenty-five counties
8 in the state based on the 2010 certified federal census.

9 7. Ten percent or more of the housing units in the county
10 are vacant.

11 8. The average valuation for each class of property in the
12 county is seventy-five percent or less of the statewide average
13 for that classification based upon the most recent valuations
14 for property tax purposes.

15 9. A recent business closure or permanent layoff has
16 occurred in the county. The business closure or permanent
17 layoff must involve the loss of full-time employees, not
18 including retail employees, at one place of business totaling
19 at least one thousand employees or four percent or more of
20 the county's resident labor force based on the most recent
21 annual resident labor force statistics from the department of
22 workforce development, whichever is lower. A permanent layoff
23 does not include a layoff of seasonal employees or a layoff
24 that is seasonal in nature. For purposes of this paragraph,
25 "*permanent layoff*" means the loss of jobs to an out-of-state
26 location, the cessation of one or more production lines, the
27 removal of manufacturing machinery and equipment, or similar
28 actions determined to be equivalent in nature by the authority.
29 For purposes of this subsection, a permanent layoff must occur
30 on or after the effective date of this Act.

31 Sec. 3. NEW SECTION. 15E.187 Student loan repayment program
32 fund.

33 A student loan repayment program fund is created in the
34 state treasury under the control of the authority. The fund
35 shall consist of all moneys appropriated to it by the general

1 assembly. The moneys in the fund are not subject to the
2 provisions of section 8.33 and shall not be transferred, used,
3 obligated, appropriated, or otherwise encumbered except as
4 provided in section 15E.188. Notwithstanding section 12C.7,
5 subsection 2, earnings or interest on moneys appropriated
6 pursuant to this section shall be retained by the fund and used
7 for the purposes designated until expended.

8 Sec. 4. NEW SECTION. 15E.188 **Student loan repayment**
9 **program.**

10 1. For purposes of this section, unless the context
11 otherwise requires:

12 *a. "Institution of higher education"* means the same as
13 defined in section 12D.1.

14 *b. "Outstanding student loan debt"* means the student loan
15 debt balance of a participating individual at the time of
16 enrollment in the program, which debt was incurred by the
17 participating individual for attendance at an institution of
18 higher education where such participating individual earned
19 credits toward an associate, bachelor, or postgraduate degree.

20 *c. "Participating county"* means a county which has adopted a
21 resolution creating a county component in the program pursuant
22 to subsection 4.

23 *d. "Participating individual"* means an individual who meets
24 the eligibility requirements in subsection 3, paragraph "a",
25 for participation in the program, and who has enrolled in the
26 program.

27 *e. "Program"* means the student loan repayment program
28 established pursuant to this section.

29 2. There is established a student loan repayment program
30 within the authority. The program shall consist of a county
31 component for each participating county and a matching
32 component of the authority for the purpose of providing student
33 loan repayment assistance on the outstanding student loan debt
34 of participating individuals.

35 3. A county designated as a rural opportunity zone pursuant

1 to sections 15E.185 and 15E.186 may participate in the program
2 if it creates and implements a county component. A county
3 component shall contain uniform terms and conditions prescribed
4 by the authority, and shall meet the following minimum
5 qualifications:

6 *a.* The county component shall apply only to resident
7 individuals who have earned an associate, bachelor, or
8 postgraduate degree from an institution of higher education,
9 who have outstanding student loan debt, and who establish
10 domicile in the applicable county on or after the county adopts
11 a resolution creating a county component pursuant to subsection
12 4, and prior to July 1, 2021.

13 *b.* The county component shall provide that participating
14 individuals are entitled to full participation in the county
15 component for five years, provided the participating individual
16 remains domiciled within that county for the entire five-year
17 period. A participating individual who establishes domicile
18 outside of the county for which the individual first qualified
19 is ineligible to continue participation in the program.

20 *c.* The county, through its county component, shall agree to
21 repay, subject to the availability of matching payments by the
22 authority in subsection 6, over a five-year period, the lesser
23 of ten percent of the outstanding student loan debt of the
24 participating individual or seven thousand five hundred dollars
25 of the outstanding student loan debt of the participating
26 individual. A participating individual must remain domiciled
27 in the applicable county for an entire calendar year to receive
28 repayment assistance for that year.

29 4. A county that creates and implements a county component
30 must provide to the authority a duly adopted resolution from
31 its board of supervisors on or before January 1, 2017. The
32 resolution shall be irrevocable and shall obligate the county
33 to participate in the program for a period of five years for
34 each participating individual.

35 5. A participating individual shall enroll in both the

1 county component and the matching component of this program in
2 the form and manner prescribed by the authority.

3 6. a. The authority shall, subject to the availability
4 of moneys in the student loan repayment program fund, match
5 repayments made by a participating county under its county
6 component for each participating individual up to the maximum
7 repayment assistance amount specified in subsection 3,
8 paragraph "c", for that individual.

9 b. Annual repayments of outstanding student loan debt by a
10 participating county under its county component of the program,
11 and matching repayments by the authority under the matching
12 component of the program shall be made following the close of
13 a calendar year and following the participating individual's
14 certification by the authority and the applicable county
15 that the participating individual is entitled to repayment
16 assistance pursuant to the program. Repayments will be made
17 directly to the lender of the participating individual's
18 outstanding student loan debt.

19 c. The maximum aggregate amount that any participating
20 individual may receive from the county component and matching
21 component of this program shall not exceed the lesser of
22 twenty percent of the outstanding student loan debt of the
23 participating individual or fifteen thousand dollars of the
24 outstanding student loan debt of the participating individual.

25 d. Repayment assistance from the authority under the
26 matching component of this program is subject to the
27 availability of moneys in the student loan repayment program
28 fund. Nothing in this section guarantees a participating
29 individual a right to receive benefits provided in this
30 section. A county may provide repayment assistance under
31 its county component even if insufficient funds exist for
32 the authority to provide matching funds under the matching
33 component.

34 7. The authority shall adopt rules under chapter 17A
35 relating to the administration of this section.

1 Sec. 5. NEW SECTION. **15E.189** Future repeal.

2 This division is repealed July 1, 2027.

3 Sec. 6. NEW SECTION. **422.10A** Rural opportunity zone tax
4 credit.

5 1. As used in this section, unless the context otherwise
6 requires, "*rural opportunity zone*" means any county designated
7 by the economic development authority as a rural opportunity
8 zone pursuant to sections 15E.185 and 15E.186.

9 2. The taxes imposed under this division, less the credits
10 allowed under section 422.12, shall be reduced by a rural
11 opportunity zone tax credit. To be eligible for the credit,
12 the taxpayer must meet all of the following requirements:

13 a. The taxpayer must be a resident individual who was
14 domiciled in a rural opportunity zone in this state during
15 the entire tax year. A taxpayer domiciled in a county that
16 has lost its designation as a rural opportunity zone shall be
17 considered to be domiciled in a rural opportunity zone, so long
18 as the taxpayer established domicile in that county while the
19 county was designated as a rural opportunity zone.

20 b. The taxpayer established domicile in a rural opportunity
21 zone on or after July 1, 2016, and prior to January 1, 2021.

22 c. The taxpayer was domiciled outside of this state for five
23 or more years immediately prior to establishing domicile in a
24 rural opportunity zone.

25 d. The taxpayer had Iowa source net income of less than ten
26 thousand dollars in each of the five years immediately prior to
27 establishing domicile in a rural opportunity zone.

28 e. The taxpayer's tax return on which the credit is claimed
29 is timely filed, including any extension of time to file.

30 f. The taxpayer is not currently delinquent in filing
31 any tax return with this state nor does the taxpayer have
32 delinquent accounts, charges, fees, loans, taxes, or other
33 indebtedness owed to this state or a political subdivision of
34 this state.

35 3. a. The credit shall be an amount equal to the taxpayer's

1 shall not lose its designation as a rural opportunity zone
2 during the county's participation in the student loan repayment
3 program described in the bill. The authority is required to
4 review the eligibility of each county in this state as a rural
5 opportunity zone at least annually.

6 A county is eligible to be designated as a rural opportunity
7 zone if it meets at least two of nine criteria specified in
8 the bill relating to per capita income, average weekly wages,
9 family poverty rate, population loss, aging population, housing
10 vacancies, property valuations, or recent business closures or
11 permanent layoffs.

12 Rural opportunity zone designations are repealed July 1,
13 2027.

14 STUDENT LOAN REPAYMENT PROGRAM. The bill creates a student
15 loan repayment program within the authority for the purpose of
16 providing student loan repayment assistance on the outstanding
17 student loan debt of certain individuals. The program consists
18 of a county component for each participating county and a
19 matching component of the state. Qualifying individuals may
20 enroll in both the county component and the matching component
21 of the student loan repayment program.

22 Each county designated by the authority as a rural
23 opportunity zone is eligible to create and implement a
24 county component within the student loan repayment program.
25 Each county component is required to contain uniform terms
26 and conditions prescribed by the authority and shall have
27 certain minimum qualifications. First, the county component
28 shall apply only to resident individuals who have earned
29 an associate, bachelor, or postgraduate degree, who have
30 outstanding student loan debt, and who establish domicile in
31 that county on or after the county creates the county component
32 of the program, and prior to July 1, 2021. Second, the county
33 component shall provide that participating individuals are
34 entitled to full participation in the county component for five
35 years, provided the participating individual remains domiciled

1 within that county for the entire five-year period. Third,
2 the county component shall agree to repay, subject to matching
3 payments by the authority over a five-year period, the lesser
4 of 10 percent of the outstanding student loan debt of the
5 participating individual, or \$7,500 of the outstanding student
6 loan debt of the participating individual. A participating
7 individual must remain domiciled in the applicable county for
8 the entirety of a calendar year to receive repayment assistance
9 for that year. After a county creates and implements its
10 county component, it is required to provide a duly adopted
11 resolution to the authority by January 1, 2017. The resolution
12 shall be irrevocable and shall obligate the county to
13 participate in the program for a period of five years per
14 individual.

15 Participating individuals who remain domiciled in that
16 county are eligible to receive repayment assistance from
17 the county component. In addition, the authority, through
18 the matching component, shall match each payment made under
19 the county component up to the lesser of 10 percent of the
20 outstanding student loan debt, or \$7,500 of the outstanding
21 student loan debt. The maximum amount of repayment assistance
22 that an individual may receive under the program shall not
23 exceed the lesser of 20 percent of the outstanding student loan
24 debt or \$15,000.

25 Matching payments from the authority shall be made from
26 a student loan repayment program fund created in the bill
27 and are subject to the availability of moneys in the fund.
28 Participating individuals are not guaranteed a right to receive
29 repayment assistance under the program. A county may, but is
30 not required, to provide repayment assistance under its county
31 component even if insufficient funds exist for the authority to
32 provide matching funds. The student loan repayment program is
33 repealed July 1, 2027.

34 INCOME TAX CREDIT. The bill provides an individual
35 income tax credit for taxpayers who are domiciled in a rural

1 opportunity zone. To be eligible for the credit, the taxpayer
2 must meet seven requirements. First, the taxpayer must be
3 a resident individual. Second, the taxpayer must have been
4 domiciled in a rural opportunity zone for the entire tax
5 year. Third, the taxpayer must have established domicile in a
6 rural opportunity zone on or after July 1, 2016, and prior to
7 January 1, 2021. Fourth, the taxpayer must have been domiciled
8 outside this state for five or more years immediately prior
9 to establishing domicile in a rural opportunity zone. Fifth,
10 the taxpayer must have had Iowa source net income of less
11 than \$10,000 in each of the five years immediately prior to
12 establishing domicile in a rural opportunity zone. Sixth, the
13 taxpayer's tax return on which the rural opportunity zone tax
14 credit is claimed is timely filed, including any extension of
15 time to file. Seventh, the taxpayer must not be delinquent in
16 filing any tax return with this state or have any indebtedness
17 owed to the state or a political subdivision of the state.

18 The tax credit is equal to the taxpayer's total individual
19 income tax owed to the state, computed without regard to
20 reductions for the rural opportunity zone credit, withholding
21 on the taxpayer's wages or other income, and any estimated tax
22 payments made by the individual. The maximum amount that may
23 be refunded to a taxpayer in any year the rural opportunity
24 zone tax credit is allowed shall not exceed the sum of the
25 taxpayer's withholding on wages or other income for that year,
26 plus the estimated tax payments made for that year.

27 The tax credit is allowed for five consecutive years
28 following the year the taxpayer first establishes domicile in a
29 rural opportunity zone. The rural opportunity zone tax credit
30 applies to tax years beginning on or after January 1, 2017,
31 and ending on or before December 31, 2025. The tax credit is
32 repealed July 1, 2026.